



Expect the Best™

July 31, 2008

Federal Reserve Board and Office of Thrift Supervision:

On behalf of Liberty National Bank, I am addressing you on the issues of the Proposed Rule on Overdraft Fees. Liberty National Bank is a community bank in Ohio with approximately \$185 million in assets. We have been in business for 115 years and we focus our products and services to benefit current and potential customers. Because we are so customer and community minded, Liberty National Bank has several issues in regards to the Proposed Rule on Overdraft Fees.

Initially, when a customer opens a checking account that offers Overdraft Protection, the Bank informs the customer that they may opt out of this service at the time of opening or at any time they have the account with us. The customers who keep the Overdraft Protection understand the importance and real value of the service, protection against unanticipated expenses or occurrence of other unforeseen problems. Whether customers opt out of Overdraft Protection or not, they understand that if they do not have Overdraft Protection and they overdraw their account, they will be charged a NSF fee from the Bank, plus their check will be returned and they will receive a charge from that Merchant. By having Overdraft Protection, their check will be paid by the Bank, so they will not incur the additional charge from the Merchant.

The proposal of a partial opt-out of ATM and debit card transactions, while retaining Overdraft Protection coverage for checks and ACH, is not technically feasible under our current processing system. In other words, we cannot allow the customer to arbitrarily decide whether a point of sale transaction or ATM withdrawal gets paid first through overdraft. It will also affect customers who use their debit cards for recurring payments. This is far too complicated to be implemented and for consumers to understand.

We also object to any regulatory requirement on the processing order of payments. The order of recognition of payments varies across the industry. Today, different types of items are presented for processing at different times, so no single rule is practical. By letting an individual customer choose an alternative payment processing order would be impossible to manage.

Many people who have problems paying bills go to a cash advance business to get a loan. The individual is charged a fee along with a high interest rate. Overdraft Protection has given these individuals the ability to pay their bills without being charged a high interest rate; they are able to pay their bills without having the embarrassment of a returned check; and they are able to build their account balance whenever their money becomes available.

At Liberty National Bank, we do not encourage overdrafts. We encourage our customers to manage their finances responsibly. However, we do understand that uncontrollable situations arise and we want to save our customers additional merchant fees and possible damage to their credit history. We believe that the Proposed Rule on Overdraft Fees will contribute more damage to the current economic status that our country faces today. We need to work together to help our customers through these tough times and not burden them with additional fees.

Finally, we understand issues such as this will arise from time to time in our industry. To make your jobs easier and to allow a fair and comprehensive review of all pertinent factors, we certainly would extend an invitation for any of you to visit our Bank at anytime to discuss implications for the parties involved. Does this seem to be the fair thing to do? Anything less in my opinion is shortchanging both sides.

Sincerely,

A handwritten signature in dark ink, appearing to read "William C. Carr", with a stylized flourish at the end.

William C. Carr
President and CEO

cc: Office of the Comptroller of the Currency

Re: FRB Docket No. R-1314; OTS Docket No. OTS-2008-0004; Unfair or Deceptive Acts or Practices; 73 *Federal Register* 28904; May 19, 2008